U.S. CONGRESS
CONGRESSIONAL BUDGET OFFICE
Washington, DC, March 12, 1996.

Hon. BENJAMIN A. GILMAN,
Chairman, Committee on International Relations, Washington, DC.

DEAR MR. CHAIRMAN: In response to the request of your staff, the Congressional Budget Office has reviewed the Conference Report to H.R. 1561, the Foreign Relations Authorization Act, Fiscal Years 1996 and 1997, as reported on March 8, 1996. The bill would consolidate various foreign affairs agencies, authorize appropriations for the Department of State and related agencies, and address other matters in foreign relations.

The bill would impose no intergovernmental or private sector mandates as defined by Public Law 104–4 and would have no direct budgetary impacts on state, local, or tribal governments.

We are preparing a separate federal cost estimate for later transmittal.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Pepper Santahicia, for effects on state, local, and tribal governments; and Eric Labs, for impacts on the private sector.

Sincerely,

JAMES L. BLUM,
(For June E. O'Neill, Director).

U.S. CONGRESS, COMMITTEE
ON INTERNATIONAL RELATIONS,
Washington, DC, March 20, 1996.

June E. O'Neill,
Director, Congressional Budget Office,
Washington, DC.

DEAR MS. O'NEILL: I write to register my concern with your letter of March 12, in which you provided a partial Congressional Budget Office estimate on the conference report on H.R. 1561, the Foreign Relations Authorization Act for Fiscal Years 1996 and 1997. I also would like a copy of your complete cost estimate on the conference report.

I have two major concerns with your March 12 letter.

First, you addressed the letter only to the ''unfunded mandates'' estimate required by P.L. 104–4 (the ''Unfunded Mandates Reform Act of 1995''). It would be more useful to Members to have the cost estimate for an entire bill or conference report submitted at once. Separating CBO estimates on different issues in the same bill and supplying such estimates at different times leaves CBO vulnerable to question about its procedures, and diminishes its helpfulness for Members.

Second, I also question the ''unfunded mandates'' estimate you provided. You state that H.R. 1561 ''would impose no intergovernmental or private sector mandates as defined by Public Law 104–4 and would have no direct budgetary impacts on state, local, or tribal governments.'' In my view, this assertion is not supportable when applied to several specific provisions in the conference report. These four provisions are:

Section 1104: Requires the President to certify: (1) that either Thailand, Hong Kong, Malaysia, and Indonesia keep refugee camps open or that Vietnam will expand its refugee interview programs; and (2) that any Vietnamese, Cambodians, or Laotians who cite the Lautenberg provisions (automatically allowing in refugees from certain countries) will be allowed into the United States without having to provide any additional proof.

Section 1253: Prohibits use of Department of State funding (migration and refugee assistance) for the involuntary return of any person claiming a well founded fear of persecution.

Section 1255: Adds to the definition of a refugee anyone who claims he or she is a victim of or has good reason to believe he or she may become the victim of coercive population control practices.

Section 1256: Prohibits State Department funds (migration and refugee assistance) to be used to ''effect the involuntary return'' of any person to a country where there are substantial grounds to believe they are in danger of being subjected to torture.

These four provisions have the potential of greatly expanding the states' burden of caring for refugees. Today, states pay on average at least $3,000–4,000 to support one refugee for a year. These financial responsibilities apply to every new refugee introduced into a state's population. Even if states are able to step out of some existing responsibilities, they cannot do so immediately. Changing regulations, adopting new laws, negotiating with the federal government, takes time. And when the groups of people who qualify for state benefits is changed, litigation will almost always result.

It seems to me that all four provisions create a strong likelihood of increased costs to states that could easily reach the $50 million threshold set by the Unfunded Mandates Act of 1985. If states may be subject to increased costs as a result of these provisions, the provisions will have a ''direct budgetary impact.'' And if the federal government is imposing new financial burdens for states, it is creating unfunded mandates.

Given the difficulty in analyzing precisely costs in areas with a large number of unknown factors, such as how many individuals might enter the United States if these provisions were to become law, I do not think it possible to conclude in absolute terms that these four provisions do not impose direct budgetary impacts on state governments and do not create unfunded mandates.

The recently enacted Unfunded Mandates Reform Act of 1995 is intended specifically ''to assist Congress in its consideration of proposed legislation'' by ''providing for the development of information about the nature and size of mandates in proposed legislation.'' I did not find your March 12 letter helpful in meeting the purpose of this law.

Sincerely,

LEE H. HAMILTON,
Ranking Democratic Member.

INDIAN AMERICANS DOMINATE U.S. HOTEL INDUSTRY

HON. GARY L. ACKERMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 21, 1996

Mr. ACKERMAN. Mr. Speaker, I call to the attention of my colleagues an article entitled ''Hospitality is Their Business, Indian-Americans' Rooms-to-Riches Success Story.'' This article appeared in the business section of today's New York Times.

Mr. Speaker, as this article correctly points out, Indian Americans are now the dominant force in the domestic hotel industry. Today, Indian Americans own 12,000 hotel and motel properties. This translates into 46 percent of America's economy hotels and 26 percent of the United States total lodging. This is truly an amazing and impressive accomplishment.

Mr. Speaker, Congress is in the midst of a long and protracted debate on how to reform our Nation's immigration laws. Many of my colleagues have endorsed the idea of sharply reducing the number of legal immigrants to this country as part of this overhaul of our immigration policies. I believe that any Member who reads this article will have to seriously question and ultimately reject that proposal. We are a nation of immigrants. Immigrants have built this country into the economic powerhouse of the Western World. Indian Americans are one of our country's most visible success stories. As Joel Kotkin, a senior fellow at Pepperdine University, stated in the article, ''These Indians are modern Horatio Algers.''

Mr. Speaker, I urge my colleagues to closely review this important article. I know my colleagues join me in saluting the Indian American community on its speculator success in the hotel industry. We need more entrepreneurs such as the Indian Americans described in this article who are willing to become self-sufficient, productive, and profitable members of our society.

[From the New York Times, Mar. 21, 1996]

HOSPITALITY IS THEIR BUSINESS

(By Edwin McDowell)

In the quarter-century that people of Indian ancestry have been emigrating to the United States in sizable numbers, they have carved out a steadily bigger share of the nation's hotel industry. Starting with no-name motels, they soon graduated to Days Inn, Econo Lodge, Rodeway and other economy franchises.

Today, with more than 12,000 properties, Indian-Americans own 46 percent of America's economy hotels and 26 percent of the nation's total 45,000 lodgings.

''We used to be isolated in a few states in the South,'' said Ravi Patel, whose Charlotte, N.C., company, Sree Inc., owns 20 hotels. ''Now we're almost everywhere.''

They are also moving up. A new generation is buying properties like Sheratons, Radissons and Hiltons, adding an upscale chapter to an immigrant success story.

The first wave of motel ownership was propelled by the Indian-Americans' strong family ties, close-knit communities and a willingness to invest years of sweat. This latest wave represents a break with tradition and a willingness to tackle bigger, more complex challenges. But the original community still provides the backing, as today's entrepreneurs pool the resources of extended families and borrow from fellow Indian-Americans, for whom a handshake is often sufficient collateral.

''These Indians are modern Horatio Algers,'' said Joel Kotkin, a senior fellow at the Pepperdine University Institute for Public Policy in Malibu, Calif. ''They're willing to start in marginal and sometimes risky areas that native-born Americans are not interested in going into, and working incredibly long hours.''

Ramesh Gokal, who bought a 26-room hotel in North Carolina soon after coming to the United States in 1976, is now president of Knights Inn, a chain of about 180 franchised economy hotels. Children of the industry pioneers are establishing their own companies and using newly acquired knowledge of capital markets to build budding empires.

''My parents' generation did business by having x dollars, buying y goods and selling for z,'' said Karim Alibhai, the kinetic 32-year-old president and chief executive of Gencom American Hospitality, a family-owned hotel group in Houston. ''At the roadside hotels they ran, the management philosophy was get guests in and out, and have the maids clean the rooms.''

But these days, ''you have to know administration, management and how to use Wall Street to invest and to grow,'' added Mr. Alibhai, who was born in Kenya and majored in economics at Rice University. (Many Indian-American hotelkeepers came to America by way of Africa, where their families had lived for several generations in many cases.)

In Mr. Alibhai's case, the big plans are not just talk. In September, he co-sponsored a $350 million initial public offering of a real estate investment trust, one of the largest in United States history. Paine Webber was the lead investment banker and Mr. Alibhai was initially the biggest individual shareholder.

Today Gencom affiliates, which began with a single Best Western that Mr. Alibhai's parents bought in 1979 after emigrating from Kenya, own all or part of 47 hotels in 13 states. Properties include the 759-room Radisson New Orleans, the 650-room Sheraton Astrodome in Houston as well as Marriotts, Hiltons and boutique hotels in Boston and San Antonio. Revenues are expected to exceed $200 million this year.

Like his parents, Mr. Alibhai said, he ''worked the desk, drove the shuttle van to the airport and learned to fix the sewer plant.'' In the three years after finishing college in 1984, years in which the Houston hotel industry bled red ink, he still did odd jobs at the hotel, but spent most of his time learning the business.

''Operating during that recession was my M.B.A.,'' said Mr. Alibhai, a trim, tennis-playing executive whose office is in a sleek Houston high-rise. In 1987, with the economy looking up but hotel values still down, Mr. Alibhai began buying distressed properties, often jointly with other Indian-Americans.

''That's when the real learning process began,'' he said, ''not just acquiring the properties but convincing lenders who had tightened their purse strings to finance me. I had to change their perception of Indians as being identified with low-end hotels.''

In many ways, Mr. Alibhai's world of revenue streams, variable inflation rates for assessing potential purchases and structuring deals with investment bankers is alien to the generation of his 60-year-old father, Akber, who is in charge of purchasing for Gencom.

''The older generation is still very cautious about sharing information, like the cost of hotels,'' said Jay Patel of Colorado Springs, a 43-year-old native of Zimbabwe who is part owner of seven hotels in Colorado and California. ''The younger generation is much more forthcoming.''

There are other differences.

''When you come from India and Africa, your view of labor is very different,'' Mr. Alibhai said. ''People are thankful just to have a job. That's their bonus. Here, employees also want to feel appreciated. I prefer this system.'' Most of Gencom's corporate employees are given stock or bonuses, he said.

In the early years, Indian-Americans had problems typical of many newcomers in trying to get financing and insurance. By their account, insurers in the early 1980's suddenly canceled property insurance to all Indian hotel owners, believing them to be part of an Indian conspiracy to buy properties and burn them down to collect insurance money.

''We were turned down by about 200 insurance companies, until we convinced underwriters that these immigrants were outstanding risks,'' said Ron Thomas, a vice president of United Insurance Agencies in Muncie, Ind., who is widely admired by Indian hotel owners for his early efforts on their behalf.

Discrimination also took other forms, including boasts by rivals that their properties were ''American owned.''

Much of the more blatant bias began to wane with the formation of an Indian hotel owners' association in 1989, vigorously supported by Henry R. Silverman, the chairman of HFS Inc., and Michael A. Leven, then president of Days Inn. Starting with about 100 members, the group now numbers more than 4,000 hotel-keepers.

''Indian franchisees have been the engine of growth for the entire economy-hotel sector,'' said Mr. Silverman, whose company's franchises include Days Inn, Knights Inn and Super 8. ''They were willing to build with their own capital when no one else was willing to.''

For all their success, though, Indian-Americans have stayed away from luxury hotels and five-star resorts, and often from full-service hotels, mainly because of their cost but also for cultural and religious reasons.

''Most Indian hotel owners here are Hindus from Gujarat state and don't do well with anything involving alcohol and meat,'' said Mr. Patel of Colorado Springs. (Most Hindus from the western state of Gujarat are vegetarians, according to the Indian Embassy in Washington, and most Gujarati women do not drink.)

But younger Indians feel differently. ''They realize you can offer meat and alcohol to your guests, because it's all part of the hotel business,'' Mr. Patel added.

''Within the next five years you'll see a lot of us owning luxury properties, like Ritz-Carltons,'' said Tushar Patel, the 31-year-old president of Tarsadia Hotels in Costa Mesa, Calif. About half of Tarsadia's 13 properties—including the 440-room Clarion Hotel at the San Francisco airport—are full-service hotels, with restaurants and bars.

Tushar Patel, by the way, is not related to Jay Patel of Colorado Springs, unless distantly, or to most of the thousands of other Patels who own hotels in the United States. Almost all Patels, even those from Africa, trace their ancestry to Gujarat, where hospitality is highly regarded.

In the United States, many Indian immigrants turned to lodging because they could buy cheap motels, they could live rent free and the family could work the front desk, clean rooms, do laundry and make repairs.

When they stepped up to franchised properties, for as little as $20,000 plus 8 percent of revenues, the Indians acquired not only toll-free reservation systems and the benefit of bulk purchases, but an education about prices, payrolls and bookkeeping.

''We'll soon have eight hotels and we're looking to open a 200-room one soon, and it's no big deal,'' said S. Jay (you guessed it) Patel of Alpharetta, GA. ''Now we're experienced enough to know we can handle it.''

His father, J.K. Patel, left a 10-year career with Barclays Bank in Kenya to come to America in 1978, spending six months looking for a business before buying a hotel in South Carolina. The elder Mr. Patel attributes the Indians' success in this country to ''the way we were brought up.''

Parents instilled the need for education and trust between families and among their own ethnic group. ''In January I did a deal with an Indian partner in Dallas for two hotels,'' said Mr. Alibhai of Gencom. ''We shook hands, and before the contracts were signed I wired him several million dollars.''

Arvind Patel, who with his wife, Bhavna, owns a 39-room Days Inn in West Point, Miss., cites another factor—the willingness of extended families and acquaintances to provide financial help.

''We work together as a team,'' said Arvind Patel, a native of Tanzania. ''A lot of families give you $10,000, even $30,000, without charging you interest and without any collateral. They figure one day you may help them.''

But like many Indians, these Patels are branching out and moving up, building an 81-room Wingate Inn and a 58-room Hampton Inn elsewhere in Mississippi. Meantime, both continue working a full shift each day behind the desk of their Days Inn, with their 12-year-old son and 10-year-old daughter pitching in on weekends.

''And if our help doesn't show up,'' Mrs. Patel said, ''my husband and I still clean the rooms.''

Many of the older Indian-Owned motels were long ago refurbished, if only to measure up as franchises—a method the Indians quickly saw as a route to financial independence. Some properties have been kept for the next generation, but most have been sold to a newer wave of Indian immigrants.

When Indian-Americans graduate from college, many have chosen to become doctors, engineers, lawyers and accountants. ''But in most families at least one son or daughter will become hoteliers, because they realize it isn't the hard work it was for us,'' said J.K. Patel, the former Barclays banker. ''The difference is, we used to man the desk ourselves. The new generation likes sitting in the office and delegating the work.''

TRIBUTE TO STUDENTS PARTICIPATING IN OPERATION VALENTINE

HON. FRANK TEJEDA

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, March 22, 1996

Mr. TEJEDA. Mr. Speaker, I rise to pay tribute to the students of R. T. Barrera Elementary School, Pearsall Intermediate School, and La Vernia High School for writing valentines to our Armed Forces stationed in Bosnia. These valentines were sent to our troops through the Operation Valentine program, a nationwide valentine writing campaign designed to boost the morale of our men and women serving in the U.S. military in Bosnia. Through the pens and pencils of these children, more than 150 valentines of love and support were sent to uplift our troops.

A 1st grade student from R. T. Berrera Elementary School wrote, ''I am a first grade student in Roma, Texas. Thank you for being so proud of our country. We miss you and we want you to come home.''

A student from Pearsall Intermediate School wrote his valentine addressed to ''Dear soldier.'' He went to say, ''I am from Pearsall, TX. I am 9 years old. I like football. My favorite team is Dallas Cowboys. They are champions. We miss you. We are proud because you are peacekeepers. * * *''

La Vernia High School also expressed support. Members of the La Vernia High School Student Council wrote 50 valentines to both mobile forces and land forces stationed in Bosnia. One of these valentines, written by an 11th grade student council member, stated: ''Happy Valentine Day * * * you are admired and appreciated for everything you have accomplished and sacrificed for our country, you are respected and supported (no matter what you might do). Never forget that you are a leader and looked-up to by me and the rest of our Nation. Stay safe * * * and always remember that you are in our prayers.''

These wishes are just a few of the scores of valentines that young people across my district wrote to our soldiers involved in the Bosnian peacekeeping mission. I commend all the schools for supporting our Armed Forces, and I am honored to share their remarks with my colleagues today. I speak from experience—letters from home, expressing love and support for a soldier while stationed overseas, uplifts morale and keeps spirits high. I trust these valentines will do just that.